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January 22, 2013

Via Email

Frank Urso, Esq.
General Counsel
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street
Springfield IL 62761

Re: Sherman Hospital, Permit Number 05-054

Dear Mr. Urso:

This letter follows our conversation late last week regarding the Sherman Hospital (the "Hospital") replacement hospital cost report. As we discussed, the Hospital would like to resolve any open issues relating to this CON permit as soon as possible to ensure a timely closing of the planned integration transaction between Sherman Hospital and Advocate Health Care. That closing is planned for May 1, 2013.

The Hospital has re-commissioned its outside auditors to prepare a final realized cost report. As we have previously indicated, the Hospital will be unable to resolve the litigation that it filed against one of its consultants for the Hospital replacement project prior to submitting an audited cost report. Therefore, the Hospital has asked the auditors to complete that audit with the assumption that there will be no recovery under the pending litigation. While we have no reason to anticipate that outcome, putting that assumption forth to the auditors will allow them to provide the CON Board with a maximum project cost.

This letter serves to confirm that the Hospital does expect there to be some level of a cost overrun for its CON permit number 05-054. Without resolving the pending litigation, we do not expect that overrun to be materially different than the potential overrun that the auditors identified in their audit dated August 23, 2010.

Because the auditors have a very busy schedule attending to year end audits, we are sending this letter to you to try to move this matter forward as soon as possible. We have asked the auditors to complete their audit as soon as possible. With the understanding that a final audited cost report will be forthcoming, I hope that this letter is sufficient to allow the Health Facilities and

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Frank Urso
January 22, 2013
Page 2

Services Review Board and its legal counsel to review this matter during its meeting on February 5, 2013 and to take whatever steps are necessary to move toward closure of the CON permit.

Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in cursive script that reads "Kara Friedman".

Kara M. Friedman

Enclosure

Cc: Courtney Avery
Rick Floyd